

Unfunded Accrued Liability Plan

DB Pension

Previous actions taken to lower unfunded accrued pension liabilities:

- 5/1/2008 plan closed to newly hired executive department heads.
- 7/1/2010 multiplier reduction* for executive department heads.
- 7/1/2010 increase executive department head employee contribution to pension plan.
- 7/1/2008 plan closed to newly hired deputy and department heads.
- 9/1/2011 multiplier reduction* for deputy and department heads.
- 9/14/2011 increase deputy and department head employee contribution to pension plan.
- 7/1/2006 plan closed to newly hired SEIU bargaining labor unit members.
- 7/1/2011 multiplier reduction* for SEIU bargaining labor unit members.
- 1/1/2011 increase SEIU bargaining unit member employee contribution to pension plan.
- 7/1/2007 plan closed to newly hired 44th district court staff.
- 1/1/2012 multiplier reduction* for 44th district court staff.
- 7/1/2007 plan closed to newly hired professional & technical bargaining labor unit members.
- 7/1/2011 multiplier reduction* for professional & technical bargaining labor unit members.
- 7/1/2010 increase professional & technical bargaining unit member employee contribution to pension plan.
- 7/1/2005 plan closed to newly hired AFSCME bargaining labor unit members.
- 9/1/2011 multiplier reduction* for AFSCME bargaining labor unit members.
- 1/1/2011 increase AFSCME bargaining unit member employee contribution to pension plan.
- 7/1/2006 plan closed to newly hired foremen and supervisors bargaining labor unit members.
- 9/14/2011 multiplier reduction* for foremen and supervisor bargaining labor unit members.
- 9/13/2011 increase foremen and supervisors bargaining unit member employee contribution to pension plan.
- Multiplier reduction* for police officers hired after 5/30/2012.
- Multiplier reduction* for firefighters hired after 9/30/2009 and increased age requirement to retire to 50 years of age.

- 7/1/2009, 7/1/2010, 7/1/2011 increase public service aides, police officers and firefighter's employee contribution to pension plan.
- In September 2016, the city commission approved a bond authorizing resolution and comprehensive financial plan in an effort to issue OPEB and pension (general employee pension only) bonds not to exceed \$135,000,000. In October 2016 an application to issue the bonds as well as the comprehensive financial plan was provided to the State Treasury Department requesting approval.

*multiplier reduction details are available on website at http://www.ci.royal-oak.mi.us/portal/webfm_send/2975 on page B-4.

Additional actions that could be taken:

- 12/7/2016 a meeting is schedule with the State Treasury Department to review the comprehensive financial plan and facilitate the approval of the OPEB and pension bond sale. The city is hoping to receive State Treasury Department in late December 2016 and sell bonds in January 2017.

Continuation of actions:

- The above "previous actions" have been incorporated into each of the applicable bargaining units' labor contracts and the city administration anticipates these changes to remain in effect.

Unfunded Accrued Liability Plan *DB Retiree Healthcare*

Previous actions taken to lower unfunded accrued retiree healthcare liabilities:

- 7/1/2007 DB plan closed to newly hired executive department heads.
- Effective for executive department heads retiring after 7/1/2010, increased healthcare co-pays and deductible.
- Effective for executive department heads retiring after 7/1/2010, mirroring** of prescription drug coverage in retirement.
- 7/1/2008 DB plan closed to newly hired deputy and department heads.
- Effective for deputy and department head retiring after 7/1/2011, increased healthcare co-pays and deductible.

- Effective for deputy and department head retiring after 7/1/2011, mirroring** of prescription drug coverage in retirement.
- 7/1/2006 DB plan closed to newly hired SEIU bargaining labor unit members.
- Effective for SEIU bargaining labor unit members retiring after 7/1/2011, increased healthcare co-pays and deductible.
- Effective for SEIU bargaining labor unit members retiring after 7/1/2011, mirroring** of prescription drug coverage in retirement.
- 7/1/2007 DB plan closed to newly hired full-time 44th district court staff.
- Effective for full-time 44th district court staff retiring after 7/1/2011, increased healthcare co-pays and deductible.
- Effective for full-time 44th district court staff retiring after 7/1/2011, mirroring** of prescription drug coverage in retirement.
- 5/1/2008 DB plan closed to newly elected 44th district court judges.
- 7/1/2007 DB plan closed to newly hired professional & technical bargaining labor unit members.
- Effective for professional & technical bargaining labor unit members retiring after 7/1/2011, increased healthcare co-pays and deductible.
- Effective for professional & technical bargaining labor unit members retiring after 7/1/2011, mirroring** of prescription drug coverage in retirement.
- 7/1/2006 DB plan closed to newly hired AFSCME bargaining labor unit members.
- Effective for AFSCME bargaining labor unit members retiring after 7/1/2011, increased healthcare co-pays and deductible.
- Effective for AFSCME bargaining labor unit members retiring after 7/1/2011, mirroring** of prescription drug coverage in retirement.
- 7/1/2006 DB plan closed to newly hired foremen & supervisors bargaining labor unit members.
- Effective for foremen & supervisors bargaining labor unit members retiring after 7/1/2010, increased healthcare co-pays and deductible.
- Effective for foremen & supervisors bargaining labor unit members retiring after 7/1/2010, mirroring** of prescription drug coverage in retirement.
- 3/1/2009 DB plan closed to newly hired police service aides, police officers and firefighters.
- Effective for police service aides, police officers and firefighters retiring after 7/1/2011, increased healthcare co-pays and deductible.
- Effective for police service aides, police officers and firefighters retiring after 7/1/2011, mirroring** of prescription drug coverage in retirement.

*** Retiree prescription drug coverage will match/mirror the prescription drug coverage available for active employees.*

Note: DB retiree healthcare plan is closed to all newly hired employees.

Additional actions that could be taken:

- The fiscal year 2016-17 budget provides for the payment of the full OPEB ARC (annual required contribution) of \$10.9 million. The full ARC is nearly \$3

million in excess of the pay-as-you-go amount, which has been the method of contribution the last few years.

- 5/12/2014 city commission conducted public meeting regarding the unfunded accrued liability related to DB retiree healthcare and discussed the possibility of bonding for the unfunded accrued liability. Bonding is a possibility.
- Allow for retirees to utilize the anticipated employee wellness center. It is anticipated that the center will reduce the city's healthcare costs and will be available in September for employees and their dependents. Should it be determined to save costs then it may be available to retirees in the future.
- In September 2016, the city commission approved a bond authorizing resolution and comprehensive financial plan in an effort to issue OPEB and pension (general employee pension only) bonds not to exceed \$135,000,000. In October 2016 an application to issue the bonds as well as the comprehensive financial plan was provided to the State Treasury Department requesting approval.
- 12/7/2016 a meeting is schedule with the State Treasury Department to review the comprehensive financial plan and facilitate the State's approval of the OPEB and pension bond sale. The city is hoping to receive State Treasury Department in late December 2016 and sell bonds in January 2017.

Continuation of actions:

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